

LEGISLATIVE BILL 334

Approved by the Governor May 31, 2005

Introduced by Janssen, 15; Stuhr, 24

AN ACT relating to revenue and taxation; to amend sections 13-202, 13-204, and 13-208, Reissue Revised Statutes of Nebraska, and sections 13-206 and 13-207, Revised Statutes Supplement, 2004; to change tax credit provisions of the Community Development Assistance Act; to provide an operative date; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 13-202, Reissue Revised Statutes of Nebraska, is amended to read:

13-202. The Legislature hereby finds that areas of chronic economic distress in the State of Nebraska are a detriment to the economic well-being, health, and safety of the citizens of Nebraska. The Legislature further contends that current governmental solutions have not been able to completely resolve certain problems such as overcrowding, unemployment, and poor health and sanitary conditions in a community which lead to further deterioration. Such problems cannot be remedied by the government alone, but can be alleviated through a partnership between the government and private enterprise. It is therefor declared to be public policy in this state to encourage contributions by business firms and individuals that offer and provide community and neighborhood assistance and community services.

Sec. 2. Section 13-204, Reissue Revised Statutes of Nebraska, is amended to read:

13-204. Any community betterment organization which provides community assistance or community services in a community development area may apply any time during the fiscal year to the department to have one or more programs certified for tax credit status as provided in sections 13-205 to 13-208. The proposal shall set forth the program to be conducted, the community development area, the estimated amount to be required for completion of the program or the annual estimated amount required for an ongoing program, the plans for implementing the program, and the amount of contributions committed or anticipated ~~from business firms~~ for such activities or services.

Sec. 3. Section 13-206, Revised Statutes Supplement, 2004, is amended to read:

13-206. (1) The director shall adopt and promulgate rules and regulations for the approval or disapproval of the program proposals submitted pursuant to section 13-205 taking into account the economic need level and the geographic distribution of the population of the community development area. The director shall also adopt and promulgate rules and regulations concerning the amount of the tax credit for which a program shall be certified. The tax credits shall be available for contributions to a certified program which may qualify as a charitable contribution deduction on the federal income tax return filed by the business ~~entity~~ firm or individual making such contribution. The decision of the department to approve or disapprove all or any portion of a proposal shall be in writing. If the proposal is approved, the maximum tax credit allowance for the certified program shall be stated along with the approval. The maximum tax credit allowance approved by the department shall be final for the fiscal year in which the program is certified. A copy of all decisions shall be transmitted to the Tax Commissioner. A copy of all credits allowed to business firms under sections 44-150 and 77-908 shall be transmitted to the Director of Insurance.

(2) For all business firms and individuals eligible for the credit allowed by section 13-207, except for insurance companies paying premium and related retaliatory taxes in this state pursuant to section 44-150 or 77-908, the Tax Commissioner shall provide for the manner in which the credit allowed by section 13-207 shall be taken and the forms on which such credit shall be allowed. The Tax Commissioner shall adopt and promulgate rules and regulations for the method of providing tax credits. The Director of Insurance shall provide for the manner in which the credit allowed by section 13-207 to insurance companies paying premium and related retaliatory taxes in this state pursuant to sections 44-150 and 77-908 shall be taken and the forms on which such credit shall be allowed. The Director of Insurance shall adopt and promulgate rules and regulations for the method of providing the tax credit. The Tax Commissioner shall allow against any income tax due from the insurance companies paying premium and related retaliatory taxes in this state pursuant to section 44-150 or 77-908 a credit for the credit provided by

section 13-207 and allowed by the Director of Insurance.

Sec. 4. Section 13-207, Revised Statutes Supplement, 2004, is amended to read:

13-207. (1) Any business firm or individual which plans to or which has contributed to a certified program of a community betterment organization may apply to the department for authorization for a tax credit for the contribution to the certified program in an amount up to but not exceeding the maximum tax credit allowed by the department. The maximum tax credit allowed by the department for each approved business firm or individual shall be in an amount which does not exceed forty percent of the total amount contributed by the business firm or individual during its taxable year to any programs certified pursuant to section 13-205. The director shall send a copy of the approved application which includes the amount of the tax credit to be allowed and a certification by the department that the contribution has been paid as proposed by the business firm or individual to the Tax Commissioner who shall grant a tax credit against any tax due under sections 77-2715, 77-2734.02, and 77-3801 to 77-3807 and to the Director of Insurance who shall grant a tax credit against any premium and related retaliatory taxes due under sections 44-150 and 77-908.

(2) No tax credit shall be granted to any business firm or individual in this state pursuant to the Community Development Assistance Act for activities that are a part of its normal course of business. Any tax credit balance may be carried over and applied against the business firm's or individual's tax liability for the next five years immediately succeeding the tax year in which the credit was first allowed.

Sec. 5. Section 13-208, Reissue Revised Statutes of Nebraska, is amended to read:

13-208. The total amount of tax credit granted for programs approved and certified under the Community Development Assistance Act by the department for any fiscal year shall not exceed ~~two hundred fifty~~ three hundred fifty thousand dollars.

Sec. 6. This act becomes operative for tax years beginning or deemed to begin on or after January 1, 2005, under the Internal Revenue Code of 1986, as amended.

Sec. 7. Original sections 13-202, 13-204, and 13-208, Reissue Revised Statutes of Nebraska, and sections 13-206 and 13-207, Revised Statutes Supplement, 2004, are repealed.